

**UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT
PERMIT**

Sunnyside Cogeneration Associates
Star Point Waste Fuel Mine
C/007/0042
Carbon County, Utah

November 14, 2003

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ADMINISTRATIVE OVERVIEW

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PROPOSAL

Sunnyside Cogeneration Associates is applying for a permit to mine the refuse remaining after the closure of the Star Point Mine. SCA acquired the coal refuse and associated subsoil cover material from Plateau Mining Corporation (PMC). [Cyprus Plateau Mining Corporation's (CPMC) name was changed to Plateau Mining Corporation on June 30, 1999 and all references to CPMC in the application infer PMC.] SCA plans to utilize the coal refuse material as a fuel source in its fluidized-bed combustion boiler at the power cogeneration plant at Sunnyside, Utah.

BACKGROUND

The Division received the permit application for the Star Point Waste Fuel Mine on April 1, 2002. On June 24, 2002, the application for the Star Point Waste Fuel Mine was determined to be Administratively Complete, although acquisition of the subsoil pile for the purpose of reclamation was requested. On September 23, 2002, the Division received the requested modification to the application. Public notification, through the Sun Advocate, occurred from October 24, 2002 to November 14, 2002. No public comments were received. Response to the Division's initial technical review was received on March 6, 2003 with supplemental information arriving on May 16, 2003, May 23, 2003 and May 29, 2003.

Construction of the refuse pile began in 1970 with wet processing of Run of Mine (R.O.M.) coal from the Wattis, Third and Hiawatha seams from the Star Point Mine operations. Material was continually added to the pile until mine closure in 1997. The quality of the refuse from the mine site changed over time as improvements were made to the processing of the R.O.M. coal. The most deeply buried refuse has greater btu/lb and is more fine than the material above (Exhibit 624.210a, Reserve Assessment of Star Point Coal Refuse Site). Approximately 192,000 cu yds of waste from the Price River Coal AML project (Panther Mine) was transferred to this refuse pile in 1988 (personal communication with MaryAnn Wright, Louis Amodt and Chris Rohrer, May 15, 2003).

Two reclamation scenarios are proposed for the disturbed area:

- (1) the Final Reclamation Scenario will be followed if the refuse pile is completely re-mined.
- (2) the Bonding Scenario Reclamation describes reclamation of the site if only a portion of the refuse is utilized for fuel.

Under both scenarios unusable refuse will be permanently placed in the former slurry ponds north of the refuse pile. The discarded refuse will be compacted in lifts of four feet into a 4h:1v slope. The Information supplied with the application indicates that the refuse samples taken in 1987 had acid forming potential. The refuse was sampled again in 2001, but not for acid/toxic characteristics. The plan calls for monitoring of the refuse placed in the settling basins for acid and toxic characteristics just prior to final reclamation, so that toxic waste or waste with the potential for acid-formation or with elevated Boron or Selenium can be covered with four feet of substitute topsoil from the subsoil pile.

The payment of AML fees or an exemption of payment is covered by R645-300-147 and R645-301-112.230. Exhibit 112.230a documents the 1994 correspondence from the Office of Surface Mining concerning the exemption from AML fees for the material obtained from the Sunnyside Mine Wash Plant. This letter seems to pave the way for such an exemption for the Star Point Mine Refuse Pile, but correspondence from OSM is required for this new source of coal waste for the SCA plant.

The Applicant has estimated a bonding cost of \$1,254,000.

RECOMMENDATION

All of the information submitted by Sunnyside Cogeneration Associates has been found adequate to issue a new permit for the Star Point Waste Fuel Mine. This permitting action was published in the Price Sun Advocate on October 24 and 31 and November 7 and 14, 2002. No comments were received.

An OSM-AVS recommendation was verified on June 30, 2003 and again on November 14, 2003 with no violations found for Sunnyside Cogeneration Associates and Star Point Waste Fuel application.

Adequate liability insurance was posted by Sunnyside Cogeneration Association and treasury securities were posted in the amount of \$1,254,000. The Reclamation Agreement was signed and submitted on November 14, 2003.

It is, therefore, recommended that approval for the permit for Sunnyside Cogeneration Associates for the Star Point Waste Fuel Mine be approved.

PERMITTING CHRONOLOGY

Sunnyside Cogeneration Associates
Star Point Waste Fuel Mine
C/007/0042
Carbon County, Utah

November 14, 2003

April 1, 2002	Sunnyside Cogeneration Associates (SCA) submits a permit application for the Star Point Waste Fuel Mine.
June 24, 2002	Determination of Completeness.
September 23, 2002	SCA submits a modification to the application.
October 24 and 31 November 7 and 14, 2002	Notice of permit application was published in the <u>Sun Advocate</u> for four consecutive weeks.
December 16, 2002	Thirty-day comment period ends. No comments received.
March 6, 2003	SCA responds to the technical deficiencies.
May 16, 23, and 29, 2003	SCA submits supplemental information.
May 30, 2003	Division issues technical deficiency document
June 19, 2003	SCA responds with additional information.
June 30, 2003	The application is approved, the permit will be approved when an adequate bond and insurance are posted.
November 14, 2003	SCA submits Reclamation Agreement, surety bond and insurance. Permit issued.

FINDINGS

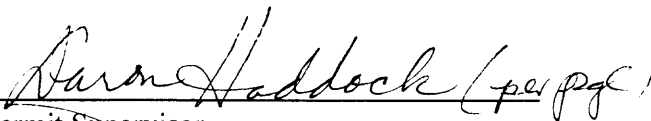
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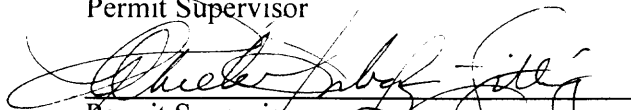
November 14, 2003


1. The permit application for the extraction of refuse from the Star Point Waste Fuel Pile is accurate and complete and all requirements of the Surface Mining Control and Reclamation Act, and the approved Utah State Program (the "Act") are in compliance. See Technical Analysis dated June 27, 2003 (R645-300-133.100)
2. The applicant proposes acceptable practices for the reclamation of disturbed lands. The Division has determined that reclamation, as required by the Act can be feasibly accomplished following the approved plan with the attached permit conditions. (R645-300-133.710)
3. An assessment of the probable cumulative impacts of all anticipated coal mining and reclamation activities in the general area on the hydrologic balance has been conducted by the Division and no significant impacts were identified. See CHIA dated August 12, 2003. The Mining and Reclamation Plan (MRP) proposed under the revised application has been designed to prevent damage to the hydrologic balance in the permit area and in associated off-site area (R645-300-133.400 and UCA 40-10-11 (2)(c).
4. The proposed lands to be included within the permit area are:
 - a. not included within an area designated unsuitable for underground coal mining operation (R645-300-133.220);
 - b. not within an area under study for designated land unsuitable for underground coal mining operations (R645-300-133.210);
 - c. not on any lands subject to the prohibitions or limitation of 30 CFR 761.11 {a} (national parks, etc), 761.11 {f} (public buildings, etc.) and 761.11 {g} (cemeteries);
 - d. is within 100 feet of a public road and public notice was provided, except at the location where the public road accesses the property (R645-300-133.220); and
 - e. not within 300 feet of any occupied dwelling (R645-300-133.220).

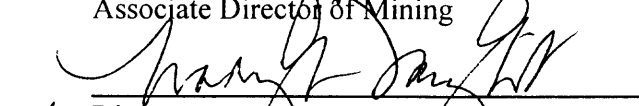
5. The operation would not affect the continued existence of any threatened or endangered species or result in the destruction or adverse modification of their critical habitats as determined under the Endangered Species Act of 1973. See Technical Analysis dated June 27, 2003 (16 USC 1531 et seq.) (R645-300-133.500).
6. The Division's issuance of a permit is in compliance with the National Historic Preservation Act and implementing regulations (36 CFR 800). See Technical Analysis dated June 27, 2003. (R645-300-133.600)
7. The applicant has the legal right to enter and complete mining activities in the permit area through an agreement with Plateau Mining Corporation (SCA acquired the coal refuse from Plateau Mining Corp on January 31, 2002). (R645-300-133.300)
8. A 510 (c) report has been run on the Applicant Violator System (AVS), which shows that: prior violations of applicable laws and regulations have been corrected; neither Sunnyside Cogeneration Associates nor any affiliated company, are delinquent in payment of fees for the Abandoned Mine Reclamation Fund; and the applicant does not control and has not controlled mining operations with demonstrated pattern of willful violations of the Act of such nature, duration, and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the provisions of the Act (A 510 (c) report was run on November 14, 2003, see memo to file dated November 14, 2003. (R645-300-133.730)
9. This operations to be performed under the permit will not be inconsistent with other operations anticipated to be performed in areas adjacent to the proposed permit area.
10. The applicant has posted treasury securities for the Star Point Waste Fuel in the amount of \$1,254,000 (R645-300-134).
11. No lands designated as prime farmlands or alluvial valley floors occur on the permit area. See Technical Analysis dated June 27, 2003 (R645-302-313.100 and R645-302-321.100)
12. The proposed postmining land-use of the disturbed area is the same as the pre-mining land use and has been approved by the Division and the surface land management agency, the BLM and private landowner.
13. The Division has made all specific approvals required by the Act, the Cooperative Agreement, and the Federal Lands Program.
14. All procedures for public participation required by the Act, and the approved Utah State Program are in compliance. The public advertisement was published on October 24 and 31 and November 7 and 14, 2002 in the Sun Advocate. (R645-300-120)
15. No existing structures (only the refuse pile) will be used in conjunction with this facility. (R645-300-133.720).

16. Sunnyside Cogeneration Associates agrees to pay all reclamation fees as required by 30 CFR Part 870. (R645-300-133.730)


Permit Supervisor


Permit Supervisor


Associate Director of Mining


for Director